COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

X		
In the Matter of:		
)		
INVESTIGATION CONCERNING THE)		
PROPRIETY OF PROVISION OF)		
INTERLATA SERVICES BY BELLSOUTH)		
TELECOMMUNICATIONS, INC.,		
PURSUANT TO THE	NO.	96-608
TELECOMMUNICATIONS ACT OF 1996.)		

Deposition of BILL DENK, taken by MCI, pursuant to agreement of counsel, before Carolyn J. Smith, Certified Shorthand Reporter, Registered Professional and Merit Reporter, and Notary Public, at 675 West Peachtree Street, Suite 4200 BellSouth Center, Atlanta, Georgia, on the 13th day of August, 1998, commencing at approximately 1:10 p.m.

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- administration, marketing. That's about it.
- o. Are you represented by counsel here 3 today?
- A. No.
- MR. ALEXANDER: Let me just interject
- that we are putting Mr. Denk up as an expert who is defending the study that we have filed attached
- to Mr. Varner's testimony in this case. So as
- appropriate, as it relates to the study. BellSouth
- o will be interjecting any objections that we may
- deem appropriate. But we do not legally represent Mr. Denk. Separate companies.
- BY MS. BERLIN:
- Q. Are you a statistician?
- A. No.
- o. Do you have statisticians at your organization?
- A. Yes.
- Did any of those statisticians work on this study?
 - A. Involved in the early stages.
- Has M/A/R/C done or is it contracting
- to do in the future any other work for BellSouth?
- A. We do other work for BellSouth
- currently. And we'll probably do some in the

- 1 use the same study, no, we didn't use the same
- Q. Did you use the same questions?
- A. Yes, we used very similar questions to 5 what we used.
- Q. Did you insert the answers in a similar 7 manner into the report?
 - A. I guess I'm not could you restate
- 9 that question? I'm not following that one.
- Q. Sure. The answers corresponding to 10
- 11 each question appear throughout your report. Does
- 12 your Louisiana report look like the Kentucky
- 13 report in that the same responses to the same
- 14 questions appear in the same place in the report?
 - A. The formats of the report are similar.
- O. When BellSouth approached you for this 16 17 project and the Louisiana project, what did they 18 tell you they were looking for?
- A. Well, I think we're only talking about 19 20 the Kentucky project today, but the goal of the
- 21 study as stated, I guess, on page number 1 of the
- 22 report primary objective of this research was
- 23 to examine the PCS market for the presence of the
- 24 following groups. And those are listed there.
- 25 That was the goal of the study.

- future.
- Q. What sort of work is that?
- A. Market research.
- Q. Would you call what you do
- exclusively -- is it market research?
 - A. Yeah.
- Q. Have you done any kind of similar
- studies in the past, similar to this study?
- A. Yes.
- And what studies were those? Qİ.
- We did one in Louisiana prior to that study.
 - Q Is that the only one?
- A That's the only study we did prior to that study.
 - Q At all, or -
- A That was similar to that one, that I was personally involved in. I'm not aware of other studies that the company may have done.
- Q. Did you use the very same study for Louisiana?
 - A. No.
 - Q. In what respect did it vary?
 - A. Well, it was a different geography.
- That was the main difference. You asked did we

- Q. Did BellSouth lay out this objective
 - 2 verbatim for you, or did you create this?
 - A. No. They did not lay it out verbatim.
 - 4 We collaborated on, you know, translating that
 - 5 into these words.
 - Q. Who have your contacts at BellSouth б
 - 7 been?
 - A. Bill Norton.
 - Q. Just Bill Norton?
 - A. Yes, on this study. He was the 10
 - 11 contact.
 - Q. Do you know what his position is with 12
 - 13 BellSouth?
 - A I think he works in the regulatory 14
 - 15 group. But beyond that, I don't know.
 - 16 Q How long did this particular project. 17 the Kentucky PCs study, take?
 - 18 A. I think it took approximately six
 - 19 weeks.
 - Q. From the time you were asked to prepare 21 it to the time you had it out on paper?
 - A Yes. It's about a six-week time
 - 23 period.
 - 24 Q. What was the cost to BellSouth of the 25 study?

10

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- A. I don't know the exact number. But I 2 think it was about \$25,000, 25 to \$30,000.
- Q Is that a typical price for this sort 4 of study?
- A. Yes. 5
- Q. Did you discuss these depositions with 7 BellSouth?
 - A. Yes. Had a meeting yesterday.
 - Q. What kind of discussions did you have?
- A. Basically just to tell the truth, you
- 11 know, limit my answers to what I was knowledgeable
- 12 about, that type of thing, and just what would the 13 process be.
- Q. Did you discuss specifically what you 14 15 would say to them?
- A. No. 16
- Q. I'm going to ask if you can agree with 17
- 18 the proposition that I'm going to state, that the
- 19 theory underlying surveys is that if you can
- 20 survey a randomly selected set of people, the
- 21 sample, from the population of interest, then the
- 22 survey responses may be representative of the
- 23 population at large.
- 24 I can repeat that.
- 25 A. Why don't you repeat that?

- 1 the sampling method that you believe is the best
- 2 option available.
 - Q. Okay. On what did you rely to
- 4 determine that your sample was representative of
- 5 the population of interest in this case?
- A. Well, our goal was not necessarily to
- 7 have a sample that was representative, you know,
- 8 of the population of interest, because it was
- 9 determined not to be feasible.
 - I don't understand that response.
- 11 Could you explain it?
- 12 MR. ALEXANDER: I would object to the
- 13 question and ask that you ask him another
- 14 question. I understand you may not understand,
- 15 but I need you to ask him a question so that he
- 16 can respond. I don't know that he could ever
- 17 satisfy that question.
- 18 BY MS. BERLIN:
- o. I believe you said that it was
- 20 determined to be infeasible. Just now you said
- 21 that you could not come up with a population of
- 22 interest or was it not feasible to come up with a
- 23 population of interest; is that correct?
- A. We determined a population of interest,
- 25 a target group, that was a qualified group of

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- Q. Sure. Okay. The proposition is that
- 2 the theory underlying surveys in general is that
- 3 if you can survey a randomly selected set of 4 people from the population of interest, then the
- 5 survey responses may be representative of the
- 6 population at large.
 - A. Yeah, I would agree with that,
- Q. Would you then agree that it's critical
- 9 to appropriately identify the correct population 10 of interest?
- A. Yeah. 11
- 12 Q. Not being a survey person myself, can
- 13 you define population of interest?
- A. Define the term? Yeah, the population
- 15 is just whatever group of people of interest that 16 you're interested in drawing conclusions about, I
- 17 guess.
- Q. Would you agree that it's critical that 19 those surveyed be randomly selected?
- 20 A. Where that is a viable alternative. 21 yes. But it is rarely a viable alternative.
- 22 Q. So what do you do to compensate for the 23 lack of feasibility of random selection?
- A. You evaluate the alternatives and weigh 25 the pros and cons of alternatives. And you select

- 1 people that we were trying to interview. You had 2 not asked me that question before,
- Q. Okay. So what did you rely upon to 4 determine that your sample was representative of
- 5 the population of interest?
- A. Well, as I stated, it was not it was
- 7 determined that it was not feasible to draw a
- 8 representative sample. Excuse me, check that word
- 9 representative. A random probability sample of
- 10 PCS users, which was the target population in this
- 11 group. So we selected the best method alternative
- 12 available among several options that were
- 13 considered.
- Q. But did you rely upon anything in
- 15 particular to determine that the sample that you
- 16 drew truly was representative of the population of
- 17 interest?

- A Can you restate that question?
- Q. Did you look to anyone, any kind of
- 20 expert, any particular authority, to determine
- 21 that your sample was truly representative of the
- 22 population of interest?
- 23 A. Well, we have sampling experts inside
- 24 our company. And we discussed the sample method
- 25 that we used versus alternatives. And we

determined that this was the best available 2 method.

Q Okay. I wasn't talking about the 4 method. I was actually talking about the sample -

A. Sampling method.

o. - itself. The sample, I believe,

included 214 -- you ended up talking to 214

people; is that right?

A. Uh-huh (affirmative).

 d. How can you -- did you do anything to establish that those 214 people were

representative of the population of interest?

A. I really don't understand that

s question, to be honest with you. Did we do s anything to establish — can you restate that?

d. Why do you believe that that group that you talked to is representative of the population of interest?

A. Because it's in a reasonably large sample of people, and they are qualified as PCS customers.

Q. Why did you determine that the population of interest was PCS users and not all consumers of local exchange service?

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A. That's outside of the scope of what I 2 was asked to do.

Q. Okay. I'm going to give you a

4 hypothetical. And I want to ask you if this

5 hypothetical is analogous to this survey that you 6 conducted.

I want to see how many people think

8 that riding a bicycle to work is a viable

9 alternative to driving or public transportation.

10 And in my survey, I speak only to people who have

11 a bicycle versus everyone who works outside their

12 home.

13 Is that more or less the sort of survey 14 that you conducted?

A. I can't comment on that. I mean,

16 that's speculation. I don't know how to respond 17 to that.

18 Q. Using the methodology that you

19 employed, would it be possible to develop a study

20 just like the one you did to see if ham radio is

21 used by some people as an alternative to basic

22 wireline phone service? A. I don't know. 23

Q. If you put an ad in the paper and said,

25 "Attention ham radio operators, call in, we have

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A. Because as I said earlier, the goal of the study was to determine among PCS customers whether several groups were present out there in the population. So we were never interested in

talking to other types of people.

q. You know BellSouth is trying to use your study to show that PCS service is a competitor of wireline service? Did you know that was the -

A. Yes.

Q -- the purpose of the study?

A Yes.

Q Did you come up with an ultimate conclusion on that?

A. Did I come up with an ultimate conclusion on that? On what?

Q On whether PCS truly is a competitor to wireline service?

A! We drew the conclusion that there are some people out there that do indeed substitute PCs service or substitute wireline service with PCS.

Q. But did you draw any conclusion as to whether it's a viable — it's an actual competitor of wireline service?

1 some questions for you," and you asked a pool, you

2 could determine if there were any people out there

3 using ham radio as a substitute for basic wireline

4 service: true?

A. Sure, you could do that, I suppose. I 5

6 mean -

14

16

24

Q. And you could do it just the way you

8 did this study; right?

A. Sure.

Q. So you can't agree that it would be a 10

11 more accurate study - or can you agree it would

12 be a more accurate study if your sample included

13 all consumers of local exchange service?

A. No. I can't agree with that.

Q. Any reason? 15

A. Because the goal of the study was to

17 talk to PCS users and to find out if among that

18 group of people there were people substituting who

19 had purchased PCS in substitution for local

20 wireline service. That was the goal of the

21 study. So it made no sense to talk to people --

22 other types of people.

23 Q. All right.

A. That was the objective of the study.

Q. What about people who don't want PCS

Page 21

Page 18

- 1 service in any capacity, and never would consider
- 2 substituting it for that sort of people never
- 3 could participate in your survey; is that
- 4 correct?
- A. Well, yeah, that's true.
- 6 Q. Your study covered only Louisville;
- 7 isn't that right?
- A. That's correct.
- 9 O. It did not cover the other areas served
- 10 by BellSouth in Kentucky?
- 11 A. All I know is that it covered
- 12 Louisville. I don't really know what BellSouth's
- 13 coverage area is.
- 14 Q. Any particular reason why it covered
- 15 only that city?
- 16 A. Yes. It's the largest city in
- 17 Kentucky, and it's the largest PCs market. That's
- 18 my understanding. So therefore, we had the
- 19 highest probability of finding PCs users.
- 20 Q. Do you mean to suggest by implication
- 21 that the percentages shown in your study would be
- 22 the same for consumers of basic service in say
- 23 Frankfort?
- 24 A. No.
- 25 Q. So the survey is only good for the

- A. Well, as I said, the goal of the study
 - 2 was to find I'll read the words, to examine the

AV. 0010

- 3 PCS market for the presence of the following
- 4 groups. So we interviewed people, and we did
- 5 identify and locate people who described
- 6 themselves in this way. So again, given that
- 7 that's the objective of the study, that's what we
- 8 did. And -
- 9 Q. So really the purpose was to detect the 10 presence rather than the prevalence of the groups
- 11 you listed?
- 12 A. Yes.
- 13 Q. So when you come up with a number like
- 14 2 percent you say 2 percent of people have
- 15 abandoned wireline service in favor of PCS
- 16 service. And since you had spoke to 214 people,
- 17 this means that you talked to approximately four
- 18 people in all of Kentucky and found that they -
- 19 or who told you that they abandoned wireline
- 20 service for PCS?
- MR. ALEXANDER: I object to the form of
- 22 the question. That's not what he has said at
- 23 all,

25

- (A discussion was had off the record.)
 - MS. BERLIN: I think you can answer. I

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- 1 survey area which is Louisville?
- 2 A. Correct.
- 3 Q. Do you know how many people take basic
- 4 telephone service in Louisville?
- 5 A. No.
- 6 Q. Do you know how many people subscribe
- 7 to Sprint PCs service in Louisville?
- 8 A. I do not.
- 9 Q. How can you determine whether you're
- 10 using a valid sample or whether your sample size
- is adequate without knowing the size of the
- 12 universe you're dealing with?
- 13 A. What do you mean by adequate?
- 14 Q. You have no idea how many people use
- 15 Sprint PCS service in Louisville; is that right?
- 16 A. That's correct. I have a rough idea.
- 17 I'll say that it's in the thousands. I think.
- 18 Q Is it in the tens of thousands, in the
- 19 single thousands?
 - O A. Don't know.
- 21 Q. Is it in so many thousands that it's
- 22 the millions?
- 23 A. No.
- Q. So how do you know that you spoke to
- 25 enough people to draw your sample?

- 1 think it's a reasonable question.
- MR. ALEXANDER: I'm going to object.
- 3 It's not. You just said in all of Kentucky. He
- 4 said he did a study in Louisville, did a study of
- 5 PCs users of Sprint in Louisville. It's a finite
- 6 universe. It's not a comparison of all citizens
- 7 in Kentucky.
- 8 BY MS. BERLIN:
- 9 Q. I'd be glad to limit the question to
- 10 that.
- 11 A. Could you repeat the question, please?
- 12 Q. Sure. Of the 214 people you spoke to,
- 13 you say that per 2 percent tell you that they've
- 14 abandoned wireline service in favor of PCs. Is
- 15 that about four people?
- 16 A. Correct.
- 17 Q. So you did not speak to more than
- 18 four -- or at the outside, five people who say
- 19 that they've abandoned wireline service in favor
- 20 of PCS?

- 21 A. Which particular I just want to be
- 22 clear on which particular number you're referring
- 23 to, which question.
- 24 Q. It's table 3 on page 3.
 - A. Yeah, that would be correct.

Re: Investing, 00/02ons. 0/02 **Interlata Services BellSouth**

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b. Why did you only speak to Sprint PCs 2 customers?

A. It was our understanding that they were either the only or predominant PCS provider in 5 that market at that time.

Q. Do you know whether they were the only provider at that time?

A. Well, they were the only predominant provider is my understanding, based on what I was told by BellSouth.

O. Is BellSouth a PCS provider in 2 Kentucky?

A. Not to my knowledge.

Q. Why did you not include other wireless service in your study?

A. Well, it was a PCS study. What are you including when you say wireless?

o. Other wireless would be analog cellular and digital cellular.

A. As I said, the goal of the study was to talk to PCS users, PCS wireless users. So that's why.

o. Do you have any idea what percent of all users of local telephone service in Louisville use PCs service?

Page 22

1 your results towards the options you have set 2 forth?

3 MR. ALEXANDER: I'm going to object to 4 the question based on skew. You need to define 5 what you're asking him to respond to.

6 BY MS. BERLIN:

Q. People with whom you're speaking who 8 find that none of the options offered really meets 9 their situation who are not offered none of the 10 above as a choice are likely to choose the closest 11 fitting option in order to have an answer. Is

12 that not true?

A. I don't know that that's true. They 14 have the option to say none of the above, and then 15 we capture their answer.

Q. Is multiple - do you believe that a 16 17 multiple choice survey of this nature is 18 inherently less accurate than asking open-ended 19 questions?

A. No. I believe it's more accurate. 20 Q. Is it not true that in your survey, 21

22 these respondents are entirely self-selecting? 23

A. That is true.

o. Does this not automatically bias your 25 study?

Page 23

24

A. I don't know the exact number, no. I 2 know it's low.

d. Just turning to the methodology you employed, how did you determine that polling people who responded to a newspaper ad was the best methodology for your survey?

A. Well, I guess when you choose a research methodology, you're typically trading off cost, timing and the ability to build, you know, a large sample. And we decided that, you know, this method would be the best for accomplishing that objective.

Q Notice that your questions are all multiple choice in nature, and you don't didn't use any open-ended questions. Why is that?

A. Well, we only really asked questions that were relevant to the objectives of the study. which is standard practice.

Q. In those questions where none of the above is a reasonable - or is one of the choices, you didn't read that as a choice to those people with whom you spoke. Why is that?

A Again, that's just a standard research practice.

Q. Would you agree that that tends to skew

Page 25

A. No. I don't think so, because in any

2 survey research, any respondent that agrees to

3 cooperate -- that decides to cooperate with the 4 survey is self-selecting.

Q. That's true to a certain extent, I'm

6 sure. In this case, you placed an ad in two news 7 sources, newspapers, the "Courier Journal" and

8 "Business First"; is that correct?

9 A. Correct.

(A discussion was had off the record.) 10 MS. BERLIN: Who has just joined the 11

12 call?

MS. DOUGHERTY: This is Amy Dougherty, 13 14 attorney to the Commission.

MS. BERLIN: Hi, Amy. 15

16 BY MS. BERLIN:

o. Could you agree that a different sort 17 18 of consumer reads "Business First" versus the population at large?

A. Different? What do you mean by

21 different?

Q. A certain type of person reads 22

23 "Business First", and that's not the only type of

24 person that takes PCS service. Would you agree

25 with that?

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- A. Yeah. I guess I would agree with 2 that.
- 3
- Q. Even moreover, a certain type of person 4 reads the newspaper at all. And it's a larger
- 5 pool of people that subscribe to PCS service than
- 6 people that read the newspaper at all. Would you
- 7 agree with that?
- A. No, I disagree with that.
- Q. Do you believe there are PCS
- 10 subscribers that do not read the paper?
- MR. ALEXANDER: I'm going to object to
- 12 the question. Just pure speculation.
- 13 BY MS. BERLIN:
- Q. Do you have any familiarity with PCS
- 15 and telecommunications in general?
- A. Yes.
- Q. Do you believe you have a background to 17
- 18 answer that kind of question?
- 19 A. Could you repeat the question?
- Q. The question is whether there are
- 21 customers who take PCS service that do not read
- 22 the newspaper.

5 true?

10 responded?

11

12

14 PCS?

A. True,

A. True.

A. Yes, there probably are.

A. That's correct.

- Q. And such people would not see your ad 24
- 25 and would not be able to respond; is that true?

Q. There are other people who do read the

3 paper and take PCS service but don't believe they

Q. So the only kind of people with whom

8 you spoke are people who read the paper or read

"Business First", have PCS service, and

Q. Making those people potentially

13 different than the pool of customers that use

4 have time to respond to your survey; isn't that

- A. I do. Well, in a general sense, I do.
 - 2 But I don't know if that's the case,
 - MR. ALEXANDER: Why don't you define it
 - 4 for him? THE WITNESS: It's never been proven to
 - 6 me. We offer a monetary incentive often in market
 - 7 research to get cooperation to do a survey.
 - 8 Otherwise, you can't get the survey done. It's a
 - 9 very frequently used approach.
 - 10 BY MS. BERLIN:
 - Q. In your survey, do you ask the person
 - 12 responding where they saw the ad?
 - A. Correct.
 - Q. But you don't include in the study a
 - 15 breakdown of those respondents and where they saw
 - 16 the ad? Do you have that breakdown?
 - A. Yes, I do.
 - 18 o. And how did it break down?
 - A. Let's see. Let's see here. I may not
 - 20 have it.

21

- (A discussion was had off the record.)
- A. Not coming up with it. Sorry. 22
- Q. So you don't know the breakdown of 23
- 24 respondents to your ad?
 - A. I have a -- I mean, I recall that it

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- Page 29 1 was roughly 75, 80 percent from the "Courier
- 2 Journal" and the balance from "Business First." I
- 3 can get that information.
- Q. Did you analyze potential sources of
- 5 bias inherent in your survey?
- A. I guess I'm not -- what do you mean by
- 7 that? I'm not quite following that question.
- Q. We spoke a few minutes ago about how
- 9 it's a certain type of person with whom you're
- 10 speaking. It is the type of person who reads the
- 11 newspaper, who sees the ad, and finds he has time
- 12 to respond to the ad and potentially wants a cash
- 13 gift.
- 14 Did you analyze those and other
- 15 potential just potential sources of bias
- 16 inherent in your survey?
- 17 A. Well, in the design stage of the
- 18 survey, as I alluded to before, we evaluated this
- 19 sampling option versus other alternatives. So
- 20 from that standpoint, we did evaluate pros and
- 21 cons and determine that this was going to be the
- 22 best method to meet the objectives of the study.
- Q. And I note that you include no margin 24 of error in your results. Did you calculate a
- 25 margin of error?

15 A. Potentially, but we don't know that. Q. Would you agree that the offer of 17 monetary compensation can skew your - is there 18 another word other than skew? (A discussion was had off the record.) 19 20 BY MS. BERLIN: Q. Okay. Do you believe that monetary 22 compensation can skew your results?

MR. ALEXANDER: Same objection, 24 BY MS. BERLIN:

Q. Do you know what the word skew means?

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- A. Well, again, given that the goal of the study was to detect the presence of these people.
- we I mean, it's factual, that we went out, we
- talked to some people, they answered the
- guestions, and we determined that they exist. So
- from that standpoint, there's no margin of error 7 calculation required.
- b. Have you done any other kind of polling?
- A. We don't call it polling. We do a lot of market research, survey research.
- Does this vary significantly from, for example, political polling?
- Me really don't do any political is polling.
- d. Are you suggesting there is no margin of error in your study?
- A. In terms of saying that, you know, of 19 the 214 people that we interviewed, we identified 20 16 or 17 people that described themselves in the manner in which they did, within the questions asked. No, there's no margin of error. It's a **factual** situation.
- Q. Looking at table 8 of your report, I notice you say that 67 percent of Kentucky PCs

- Q. Would you agree that that's a relevant 2 consideration in evaluating whether PCS is 3 competing with the wireline service?
- A. I don't really I don't know. I mean 5 that was kind of beyond the scope of this.
- O. Okay. If I have PCS service and I once 7 make a call on it, once a year, and all the other 8 calls I make I make on my wireline phone, my 9 answer to this question would have been ves. Is
- 10 that correct? I would have been included in the 11 percentage of people that make and receive calls 12 at home instead of using wireline phone?
- A. I don't know how you would have 14 answered that question.
- 15 o. If I were answering as the question 16 dictates, I would have said that yes, I do make 17 calls on the PCS phone versus the wireline phone:
- A. Well, to be technical about it, the 19 20 question says calls, which is plural. And you 21 said one call. So you wouldn't answer it that 22 Way.
- 23 O. Let's say two calls.
- A. Okay. Then you would answer it that 25 way.

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24

- I users of mostly personal usage use PCS to make or 2 receive calls at home instead of wireline phone.
- You don't provide any kind of breakdown as to whether this is for receiving or making calls.
 - Do you have that information?
 - A. Let me take a look at the yes, I
- 7 do. It's going to be in this data. Let's see
- s here one second. Okay. Could you repeat the 9 question? I think I have what you need.
- Q Do you have a breakdown for table 8 of constomers using PCS to make/receive calls at home 2 instead of using wireline phone, breakdown of whether the - percentage making, percentage 14 receiving.
- A Right. Okay. The percentage that said I use the mobile service to make calls when I am home in addition to using a regular wireline is telephone is 46.4 percent. The percentage that is says I use the mobile service to receive calls at home instead of having callers dial my wireline telephone is 20.2 percent. So the sum of those two equal that number.
 - Q. Did you ask any questions with respect to the frequency with which this occurs?
 - A. No.

- In certain of your questions, it says 2 rotate answers like, question 10. Rotate 3 answers.
- A. Okav.
- Q On question 11 -- I think this is also 6 true for question 9, which is how a person uses 7 the service for business and personal reasons. In 8 these two, you did not rotate the answers. Why is 9 that?
- A. I guess the primary reason would be 11 since this is a multiple response question, and 12 they could basically agree yes or no with every 13 one of these questions; whereas in the other 14 question that you referred to, it's a
- 15 single-response question. They can only give you 16 one answer out of the five.
- So we wanted to make sure we randomized 17 18 the order in which people would receive the five 19 options, in the earlier question was. That was not an issue in this question.
- Q. Okay. So you rotate answers in certain 22 questions because if you don't, it biases the end 23 result?
- 24 A. Yes, in certain types of questions.
- Q. Okay. On page 7, which is your

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1 conclusions page, looking at the third bullet, the

2 third square, the last bullet under that, it says

- 3 many use PCS as the primary home or business
- 4 phone.
- 5 I have a question regarding the
- 6 21 percent you have for primary home. I believe
- 7 this is an error, because it does not match up
- 8 with table 7 where it says 7 percent is the
- 9 correct number there. Am I right that this is an
- 10 error?
- A. The 21 percent refers to the average
- 12 number in the aggregate sample. The 29 percent
- 13 refers to just the business group.
- Q. Where did primary home come from? 14
- 15 A. I really don't know.
- Q. Okay. And how does this square --16
- 17 these percentages in the lines we're looking at
- 18 right now, how do these correspond to the other
- 19 percentages in the survey, like 2 percent you say
- 20 that have eliminated wireline service in favor of 21 PCS?
- Even adding on 3 percent who start out 22
- 23 only on PCS, and the 3 percent who choose PCS in
- 24 lieu of a second wireline, that's no more than -
- 25 I'm sorry, let me strike that part, because the
- Page 35
- 1 second line is not relevant for primary line.
- MR. ALEXANDER: Can you restate the 2
- 3 question?
- MS. BERLIN: Yes.
- 5 BY MS. BERLIN: .
- Q. What do these numbers mean? This
- 7 21 percent, this 29 percent, what do they mean?
- 8 A. Which number are you referring to
- 9 then?
- O. The last bullet on the third on the
- 11 conclusions page.
- A. The 29 percent means that 29 percent of
- 13 the people that use PCs primarily for business
- 14 usage agreed with the statement that says that
- 15 describes them saying I use the mobile service as
- 16 my primary business telephone, which is
- 17 question 11, response number 1.
- Q. Okay. Would you agree that -- okay.
- 19 Question 11 is one of those questions where you
- 20 did not rotate the order of the options. And
- 21 that's true; right?
 - A. Correct.

22

- Q. And you agreed that you sometimes
- 24 rotate the order because if you don't do so, it
- 25 skews your results; is that true?

- A. For certain types of questions, not
- 2 this type of a question.
- Q. So offering that choice, I use the
- 4 mobile service as my primary business telephone,
- 5 first does not incline those people with whom
- 6 you're speaking to choose it?
- A. No.
- Q. Are people more likely to choose the
- 9 first option, the last option?
- A. Not on this type of question, because
- 11 in effect, this is really like five separate
- 12 questions, because you read the sentence, and then
- 13 you pause after each. And then basically, the
- 14 respondent says either yes or no.
- So it's kind of like a stand-alone
- 16 question. And you move on to another question,
- 17 and you read it. And that's very different than
- the other kind of question that you referred to
- earlier, which is where the answers are rotated
- where each answer depends on, you know, the other
- 21 options.
- 22 Here these are independent options.
- 23 They could have agreed with every one of these
- 24 statements.
 - Q. So a person that you spoke to could
- Page 37
- 1 have agreed that they use the mobile service as
- 2 the primary business telephone and as a second
- 3 telephone at work?
 - A. Uh-huh (affirmative).
- Q. The same person could have said that?
- A. (Witness nodded head affirmatively.)
- Q. Do you have a breakdown of the other
- 8 responses or the percentages that correspond to
- 9 the other responses outside of this first one?
- 10 A. Yeah. I think that's in the report,
- 11 ign't it?

- 12 Q. I don't believe it is in the report.
- 13 Can you show me where in the report it is?
 - A. Well, Table 6.
 - (A discussion was had off the record.)
- 16 BILL DENK.
- 17 having been duly sworn that the testimony he has
- 18 given was the truth and the testimony he is about
- 19 to give will be the truth, was examined and
- 20 deposed as follows:
- 21 (A discussion was had off the record.)
- 22 BY MS. BERLIN:
- Q. I'm looking at your Table 6, which
- 24 refers to people who make calls away from
- 25 home/place of business using PCs instead of using
- Childers & Shelnutt Certified Shorthand Reporters Atlanta - [404] 659-4456 -- Marietta - [770] 427-3714

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wireline service at friends and business 2 associates.

A. Uh-hub (affirmative).

 Is there any kind of service that is 5 supplanted by a person's using their PCS service 6 at a friend's home or at a business rather than 7 using the telephone of the premise where they are?

A. Can you repeat that? Is there any kind o of service, did you say?

Q. I am trying to understand how this is competition, where the competition comes in, if a person with a PCS phone uses that phone at a friend's house to make or receive a call or at a business to make or receive a call in lieu of using the phone at the premise.

A. All we are saying is that they're making - just as it's stated, they're making s calls using PCS instead of making calls on a wireline that they would have otherwise made. There's a percent of people that say that.

Q. Do you have any idea what percent of people take service in Louisville on a usage-sensitive basis versus a flat-rate basis?

A I have no idea.

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Q Would you agree that if this kind of a usage depicted in your Table 6 actually generates revenue for the local exchange company and saves cost, that it's not competition?

MR. ALEXANDER: I'm going to object to 6 the question. That's not what this witness is here to testify about. It has no connection with his study. The type of revenue BellSouth or any other company may make off any type of call is not in a part of the study.

MS. BERLIN: You can object and -MR. ALEXANDER: And I have. THE WITNESS: I couldn't answer the id question anyway.

BY MS. BERLIN:

Q. All right. Well, in your conclusions and several times throughout your study you used the word cannibalization. I was wondering if you could define that term as you used it.

A. It basically occurs when a new product or service shifts business away from an existing product or service as opposed to creating incremental brand-new business or new customers.

Q. So it shifts customers away from an existing service without creating a new a market? A. Well, it may do that as well, but the

2 definition of cannibalization only applies to the

3 first part of that.

Q. So in your definition of cannibalize, 5 if the growth of PCS does not diminish the number 6 of lines BellSouth services, but maybe even - but 7 perhaps diminishes its growth, does that fit your 8 definition?

A. Can you restate that, please?

Q. If BellSouth's number local wireline 10 11 access lines served continues to grow even in the 12 face of the introduction of PCS, but perhaps grows 13 more slowly than it otherwise would, would you say 14 that PCS is cannibalizing wireline service?

A. I can't really -- I don't know. I 16 don't know. I can't answer that, because you need 17 a lot more information to be able to determine 18 source of business.

O. Okay. You said that cannibalization is 20 a product or service that shifts customers away 21 from an existing service. I'm saying if the 22 number of customers never diminishes but in fact 23 increases, though it may increase more slowly than

24 it otherwise would, does that fit your definition

25 of cannibalization?

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A. I don't know -- I guess the reason I'm 2 struggling is because you can have cannibalization 3 going on at the same time as you have expansion of 4 the market going on, which is what we refer to 5 here in the first bullet. While at the same 6 time --

MR. ALEXANDER: Could you, for the 8 record, just point -- it's on a written record and 9 you pointed to the first bullet. You need to give 10 a page of some sort so the court reporter can know 11 what you were pointing to.

THE WITNESS: Looking at the first 12 13 bullet of the conclusions section, we're saying 14 that PCS both expands the market for wireless 15 service, attracts first-time customers to the 16 market, and it cannibalizes business from

17 providers of cellular service. 18 BY MS. BERLIN:

Q. And -19

20 A. Does that answer your question?

21 Q. I don't think so. Diminishment of

22 growth does meet your definition of

23 cannibalization?

A. No. I mean, I'll restate the 24

25 definition. It's a new product or service that

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- attracts customers, shifts business, however you
- 2 want to term it, from an existing product or
- 3 service. And that's a source of that's a
- 4 source of business or customers for that new
- 5 product or service.
- The alternative way a new product or 6
- 7 service can grow is to attract brand-new customers
- 8 to that market that have never used a similar type 9 of product before.
- MS. BERLIN: I don't think I have any 10
- 11 more questions. Thanks.
- (A discussion was had off the record.) 12
- **EXAMINATION** 13
- 14 BY MR. LAMOUREUX:
- Q. I'm Jim Lamoureux. I represent AT&T.
- 16 Mr. Denk, I don't think my questions will take
- 17 very long. I think you said several times in
- 18 response to Ms. Berlin that the goal of the
- 19 M/A/R/C study was to talk to PCs users.
- A. Yes. 20
- Q. Who set that goal? 21
- A. It was a joint research design 22
- 23 decision.
- 24 Q. Joint as between whom?
- A. Made between M/A/R/C and BellSouth, 25

- Q. Okay. But you never that was never
- 2 brought up as a viable option?
 - A. Not that I can recall.
- Q. Okay. Who established the instructions
- 5 for conducting the study?
- A. The instructions for conducting the 7 study? I guess I need you to clarify what -
- Q. You say that the development of the
- 9 goal was a joint effort; is that right?
 - A. (Witness nodded head affirmatively.)
- Q. Once the goal is established, who then 11
- 12 established the procedures for conducting the 13 study?
- A. I guess when you say procedures for 14
- 15 conducting the study, I need to understand what
- 16 specifically you're referring to.
- Q. Who determined that the population
- 18 would be gathered by placing an ad in the
- 19 newspaper?

10

- A. That was also a collaborative
- 21 decision. Our role was to kind of present
- 22 alternatives and discuss alternatives and options
- 23 and pros and cons and that type of thing.
- Q. What were the alternatives that were 25 presented to that?

- Q. Was there ever consideration given for 2 a different goal?
- A. Not that I can recall.
- Q. Was there ever consideration given to a
- 5 goal of determining looking at the entire universe
- 6 of local telephone usage whether PCs was a
- 7 substitute for that?
- R A. Can you restate that, because I'm
- 9 not --
- Q. Sure. Rather than using PCs users as
- 11 the population, using telephone users as the
- 12 population.
- A. I don't recall that receiving much
- 14 consideration, if any. It's been, you know, quite
- 15 a while.
- Q. Couldn't you have randomly selected a
- 17 statistically representative sample of all
- 18 telephone users and from that determined the
- 19 substitutability of PCs for local wireline
- 20 telephone service?
- A. That -- no. That didn't enter our
- 22 thinking as a way to accomplish that.
- 23 Q. Couldn't you have done that?
- A. I don't know. I guess we would have
- 25 done it if we thought we could.

- A. One alternative was to attempt to
 - 2 interview basically get a random sample of PCS
 - 3 users via prefixes, information, however method we
 - 4 used it, and that was the primary one that we
 - 5 looked at. And that was a viable option except
 - 6 for two big problems.
 - Number one, many PCS users don't leave
 - 8 their phones on. So you can't reach them.
 - 9 Secondly, they would have to pay for the call. So
 - 10 that was viewed as not a viable option.
 - o. Were all of the options limited to the
 - 12 universe of PCS users? Let me strike that and ask
 - 13 the question a different way.
 - Were any of the options inclusive of a
 - 15 larger population than PCs users?
 - A. Possibly, but I mean, I can't recall. 16
 - 17 That was, what, eight months ago.
 - Q. That reminds me of one question. When
 - 19 were are you engaged to conduct the study? 20
 - A. This was in January of 1998.
 - Q. Was that specifically for the Kentucky 22 study, or was that for all the studies?
 - 23 · A. For Kentucky.
 - Q. When were you initially engaged by
 - 25 BellSouth for I guess what I would call the larger

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- effort of conducting all of these studies?
- A. Well, pretty much it's I mean, we
- were engaged for the first time, what, a year ago
- to do a Louisiana study.
- Okay. What were the terms of your engagement?
- A. The terms of the engagement?
- Q. Yes.
- A. What do you mean by that?
- Was there a written document that set
- out the terms of your engagement with BellSouth?
- A. There was a proposal that outlined what 12 we would do on this particular study.
- O. For the Kentucky study?
- A. Correct.
- d. Do you recall what that outline was
- that you would do for the Kentucky study?
 - A. It was basically what we did.
 - d. Did it determine in that outline how
- you would conduct the study?
- A. Yes. It suggested how we would
- 22 approach the study.
- o. In terms of the methodology you would
- 24 use?
- A. Correct.

- 1 analysis?
 - Correct.
- Q. Okay. I take it since the goal of the
- 4 study was only to talk to PCS customers and not a
- 5 larger population, that you did not have as a goal
- 6 to evaluate whether PCS is a commercially viable
- 7 alternative to wireline service?
- A. The goal of the study was as stated. I
- 9 mean, I don't know what else to say. It was to
- 10 examine market for the presence of the following
- 11 groups, and those people are people that
- 12 substitute.
- 13 Q. And that was the only goal of the
- 14 study?
- A. That was the primary objective of the 15
- 16 research.
- Q. What were the other objectives? 17
- A. Well, I mean all I can say is that's 18
- 19 what's stated here, that that was the objective of 20 the research.
- Q. Okay. You said before it was the
- 22 primary objective. So I assumed there must be
- 23 secondary objectives. If I'm wrong, please tell
- 24 me.
- A. I guess there were I mean, we don't

- d. So that document set forth, for
- example, that you would place newspaper
- advertisements --
- A Correct.
- Q -- and conduct telephone interviews?
- A. Correct.
- Q. Who came up with the questions that you
- used in the telephone interview?
- A Collaborative effort.
- Q Was there any part of that study that
- was not a collaborative effort?
- A Well, the actual execution of the study
- was completely and the analysis of the results
- was completely handled by us. And that is not a
- s typical -- you have a meeting to determine client
- needs, we translate those client needs into a
- proposal and a questionnaire, we give it back to
- the client.
 - They react to it, and then we get

- up to the point where M/A/R/C personnel actually talked to the respondents and then reviewed the
- agreement on what we are going to do. And then we execute the study and analyze the results. And that's what happened.
 - Q. Is it fair to say it was collaborative

- 1 state any secondary objectives, so that was it.
- o. Okav.
- A. There was some objectives within that
- 4 in terms of who these groups are.
- Q. If the objective of the study was as
- 6 stated on page 1, to talk to PCS customers, can I
- 7 infer from that correctly that an objective of the
- 8 study was not to determine whether PCS is a
- 9 commercially viable alternative to wireline local 10 service?
- A. I don't know what to tell you about how
- 12 to make an inference from that.
- Q. Did M/A/R/C draw any conclusions
- 14 whether PCs is a commercially viable alternative
- 15 to wireline local service?
- A. No, we didn't draw any of those
- 17 conclusions.
- Q. Several times in response to
- 19 Ms. Berlin, you used the phrase population of
- 20 interest. What was the population of interest in
- 21 this study?
- 22 A. PCS users.
- Q. And in particular, it was the PCS users
- 24 who responded to your newspaper advertisements: is
- 25 that correct?

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A. No, that's not correct.

- Q. Well, are you drawing an inference from
- 3 the results of your study to all PCs users?
- 4 A. No.
- 5 O. So isn't it true from that then that
- 6 the population of interest in this case was
- 7 limited to only those respondents to whom you
- 8 talked on the telephone?
- 9 A. That was the sample of people that we
- 11 Q. Okay. And you can draw no statistical 12 conclusions from that sample to any broader
- 13 universe; is that correct?
- 14 MR. LLEWELLYN: Could you repeat the
- 15 question?
- MR. LAMOUREUX: Sure,
- 17 BY MR. LAMOUREUX:
- 8 Q. You cannot draw any conclusions -
- 19 A. When you say you --
- 20 Q. M/A/R/C cannot draw any conclusions to
- 21 a broader universe from the results presented in
- 22 this study; is that correct?
- 23 MR. LLEWELLYN: I think you switched
- 24 from can to did. I thought your first one was did
- 25 not.

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- 1 MR. LAMOUREUX: Let's let him answer 2 can then.
- 3 THE WITNESS: It's a hard one to
- 4 answer. I mean. I can draw conclusions because
- 5 that's part of my job -
- 6 BY MR. LAMOUREUX:
- 7 Q. Let me ask it this way.
- A. all the time, I'm paid to draw
- 9 conclusions and interpret information.
- 10 Q. The number of respondents in your
- 11 study --
- 12 A. Correct.
- 13 Q. is not a statistically
- 14 representative sample of any broader universe, is
- 15 it?
- A. I don't know if it is or if it isn't.
- Q. Since you don't know that it is a
- 18 statistically representative sample, you cannot
- 19 statistically draw any conclusions to a broader
- 20 universe from the results that you have in your
- 21 study; is that correct?
 - A. I can draw conclusions. I mean -
 - Q. Statistically valid conclusions?
- A. What do you mean by statistically
- 25 valid?

23

- Q. With margins of error, with standard
 - 2 deviations, all the sort of statistical measures
 - 3 that you would have on the population based on a
 - 4 sample of that population. If that helps,
 - A. Well, what I can say is that this is
 - 6 not a random probability sample, as very few
 - 7 samples are in market research, where the laws of
 - 8 statistics absolutely apply. Okay.
 - 9 In practical application, very little
 - 10 research that gets done for anybody meets all 11 those criteria. Yet every day, conclusions are
 - 12 drawn on the basis of such research. And
 - 13 inferences are made. So that's why it's difficult
 - 14 to kind of answer your question,
 - O. Sure. Let me ask the question this
 - 16 way. Take as an example --
 - 17 A. And as I said earlier, there was no
 - 18 feasible way to draw a perfectly random national
 - 19 probability sample for this study. So -
 - 20 Q. Looking at graph 1 on page 2 of your
 - 21 study --
 - 22 A. Ub-huh (affirmative).
 - 23 Q. you found that of the sample that
 - 24 you talked to, 2 percent had eliminated service
 - 25 and replaced with PCS?

- A. That's correct.
- Q. You cannot determine from that with any
- 3 statistical precision that that is true for the
- 4 entire Louisville PCS market; isn't that correct?
- A. What I can say is that 2 percent of the
- 6 people that we talked to answered that way and
- 7 fulfilled that requirement. And I can interpret
- 8 that information and infer that, you know, some
- 9 number of people and based on my experience, it
- 10 would be, you know, in that range out there in the
- would be, you know, in that range out more in t
- 11 population would fulfill that requirement.
- But can I do that with predictable
- 13 statistical, you know, range of error? Not
- 14 necessarily, no.
- 15 Q. So you can't say that, plus or minus X
- 16 percent, 2 percent of the entire Louisville PCS
- 17 market has eliminated service and replaced it with
- 18 PCS?
- 19 A. Well, I can say that I mean it's --
- 20 I can say I know the range is less than 2 percent
- 21 on the low side. I can say that.
- 22 Q. Because that would take you below zero?
- 23 A. Correct.
- 24 Q. All I want to get at is this is not a
- 25 statistically representative sample, or you have

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no information that this is a statistically

- representative sample of any universe broader than
- the universe of respondents. Would you agree with me on that?
- A Can you restate that, please?
- O. Sure. You have no information that
- 7 this is a statistically representative sample of
- any broader universe other than the respondents
- that M/A/R/C talked to on the telephone?
- Well, what I can say factually is that,
- you know, of the 214 people we talked to, this
- 12 percentage of people answered these questions this
- way. That's what I can say, you know, without a question.
- Q. Can you say that this universe is • statistically representative of any larger • universe?

 • universe?

 • A statistically representative of any larger

 • universe?

 • A statistically representative of any larger

 • Universe?

 • Output

 • Description

 • Output

 • Description

 • Output

 • Output
 - A. I don't know for sure.
- b o. Since you don't know, I take it that means you cannot say; is that correct?
 - A. I guess that would be correct.
 - d. I want to try and understand the
- mumbers a little bit. The report says that there were 214 respondents that actually went into the
- unibers from the, I guess, larger group of people

- 1 MR. ALEXANDER: There are three
 - 2 attorneys on the call who do not have this in
 - 3 front of you. BellSouth responded to Sprint's
 - 4 data request. And we have handed out looks
 - 5 like 24 sheets of paper that contain information.
 - 6 And, Jim, if you could identify which
 - page, just -
 - 8 MR. LAMOUREUX: I would if there were 9 page numbers.
 - MR. ALEXANDER: There is on mine.
 - 11 MR. LAMOUREUX: Oh, I'm sorry. I'm on
 - 12 page 11.
 - 13 MR. ALEXANDER: Okay. You're looking
 - 14 at page 11?
 - 15 BY MR. LAMOUREUX:
 - 6 Q. Right. The top number of that is 87.
 - 17 And then on page 12, the top number is also 87.
 - 18 Am I correct in inferring from that that there
 - 19 were 87 residential PCS users that were then asked
 - 20 the questions in 8 and 9?
 - 21 A. Okay. You're looking at page 11, you
 - 22 said.
 - 23 Q. Yes.
 - 24 A. Question 8. And --
 - 25 Q. It says -

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- that actually called in; is that right?
 - A. Correct.
- Q. Okay. And I'm looking at what we were
- given just before the deposition. As I understand
- it from that, there were a total of 295
- respondents; is that right?

advertisements, that was 295?

- A That's the number of people that called
- in. That was provided in response to a request.
- That is not what was upon which these numbers were based.
- Q I understand that. But the number of people that called in in response to the
 - A Right.
- Q And then I take it that some of them were screened as a result of some of the initial questions?
 - A. Correct.
- Q. Okay. If I look at the numbers for questions 8, 9, 10 and 11, it looks to me for questions 8 and 9 that there were 87—
- MR. ALEXANDER: Jim, for the record,
- MR. LAMOUREUX: This is what we were handed before the deposition.

- 1 A. The question was what again?
 - 2 Q. Well, I'm looking at the first row
 - 3 under total. It says base USE 51% + POR
 - 4 PERSONAL REASONS.
 - 5 A Right.
 - Q. The number to the right of that is 87?
 - 7 A That's correct.
 - 8 Q. I take it that 87 was the number of
 - 9 residential PCs users that you had determined out
 - 10 of the respondents that met the screening process;
 - 11 is that right?
 - 12 A. Okay. Again, these tables were
 - 13 produced in response to a request by somebody.
 - 14 And they were requested to be produced in a
 - 15 certain way, which we did. This is not the set of
 - 16 tables that we used to produce the report.
 - 17 The reason for that is -- and this is a
 - 18 standard in market research -- when you do an
 - 19 analysis, you do an analysis on completed
 - 20 interviews. And so therefore, the table we're
 - 21 looking at, 87 people received this question.
 - 22 That's what that number means. Not all of those
 - 23 people, you know, maybe completed the entire
 - 24 interview.
 - Q. Here's what I'm trying to figure out.

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1 I see 87 for 8 and 9. And then for 10 and 11, I 2 see 137.

- A. Yeah. Let's see. Yes.
- Q. And I add those together. And I got
- 5 224 rather than 214. And I was trying to figure
- 6 out how these numbers correspond to 214.
- A. Okay. Well, what that means is that
- 8 there were 10 people that did not make it all the
- 9 way to the interview. They decided to hang up,
- 10 whatever. Who knows. But, you know, the data 11 tables that -- I mean the study is based on the
- 12 data table where 84 people answered this question
- 13 and completed the survey.
- 14 And the other question was there was
- 15 130 people that answered this question and
- 16 completed the survey. 130 and 84 equals 214.
- Q. Where's the 130, the --17
- 18 A. It's not in these set of tables. I'm
- 19 trying to say these set of tables were produced -
- 20 these are just in response to the request.
- Q. Could you give me the number again of
- 22 the 87 how many completed the survey?
- A. 84 people were counted in terms of
- 24 completed interviews.
 - Q. And of the 137?

the accuracy of the respondents' answers; is that

- Let me give an example. If someone
- 4 said yes, I use PCS as my primary phone in my
- 5 house, M/A/R/C didn't collect any data to say you
- 6 use a hundred minutes per month for your wireline
- 7 phone, I see you only use 20 minutes a month for
- 8 your PCS phone; therefore your answer could not be 9 correct?
- A. This is the only data that we collected 10 11 in this study.
- Q. The data relies on self-reporting 13 answers of the respondents; right?
- A. Which is what survey research is. 14
 - Q. Similarly, in terms of purchasing, the
- 16 survey relies on respondents to self-report their
- 17 motivations for purchasing PCS?
 - A. Correct.
- Q. If you could look at page 6 of the 19
- 20 report, right after Table 7, the first sentence
- 21 there says Table 8, which focuses on PCS customers
- 22 with more personal than business usage, reveals
- 23 that around two thirds use PCS instead of using an
- 24 existing wireline phone to make or receive calls
- 25 at home.

18

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- Q. Okay. So if I understand how this
- 3 works, 295 people called in.
- A. Correct,

A. 130.

1

- Q. 71 of them must have been screened for
- 6 some of the initial questions?
- A. Correct.
- Q. To get it down to 224. And then 10
- 9 more people at some point after answering the 10 questions 8, 9 and 10 dropped out of the survey?
- A. Correct. 11
- 12 Q. Is that right?
- 13 A. Correct.
- Q. Okay. When did the study actually take 14
- 15 place in terms of calling folks?
- A. Let's see. Basically, the interviews 17 took place between January 18th and February 6th.
- Q. Now, M/A/R/C didn't collect any data to
- 19 verify usage of PCs as an alternative for wireline
- 20 service? It just relied on respondents to
- 21 self-report that as an answer; is that right?
- 22 A. Correct.
- Q. So for example on questions 9 and 11,
- 24 which asked about use of PCS, there's no data to
- 25 compare PCS usage with wireline usage to determine

- My question is, is that all calls or 2 just some calls?
- A. Basically what it is is it's -- I mean,
- 4 I'll read the answers to the survey. I use the
- 5 mobile service to make calls when I am at home in
- 6 addition to using a regular wireline telephone.
 - Q. So I take it then that you wouldn't
- 8 know from the answers given to you if the answers
- 9 reflect all calls or only some calls?
- A. Correct. 10
- Q. And I guess similarly, if it was only
- 12 some, you wouldn't know that -- based on the
- 13 answers you were given, you wouldn't know what the
- 14 percentage would be?
 - A. Correct.

15

- Q. Similarly, at the bottom of that page,
- 17 you say similar to the previous finding, Table 9
- 18 indicates that over half of PCS customers with
- 19 mostly business usage utilize their PCs telephone
- 20 as a second telephone at work which may reduce or
- 21 eliminate the need to add a second wireline
- 22 phone.
- Based on the answers you were given, 24 you don't know if that's for all calls or only
- 25 some calls; is that right?

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2

A Correct.

Q. Let me back up. Earlier in my

3 questioning, you said that as part of the

collaborative process you discussed the different

5 methodologies that you could use and the pros and

6 cons of each methodology. Do you remember that?

A. (Witness nodded head affirmatively.)

o. What were the pros and cons of using

9 this methodology?

A. The basic pros were that we could reach

il a very large audience, a large segment of the

12 marketplace, in order to build up a large enough

13 sample of PCS users. PCS users is a low incidence

14 category. So therefore, we needed some method to

is be able to reach at a reasonable cost and a

16 reasonable time frame a large number of people

that could we exposed to the study.

And so based on the relative - the 18

19 ability to reach large numbers of people in that

marketplace, coupled with sort of the cost of

21 reaching those people and the amount of time that 22 it would take, you know, those were the pros.

That's why we chose this method.

Q. Well, you know I'm going to ask also,

25 what were the cons?

1 (A short recess was had.)

EXAMINATION

3 BY MR. ATKINSON:

Q. We're back on the record. My name is

5 Bill Atkinson, on behalf of Sprint Communications

6 Company, LP. Good afternoon, Mr. Denk.

I'd like to state for the record that

prior to cross-examination Sprint was handed

9 responses to the data request it issued on

10 July 24th, immediately prior to the commencement

11 of these deposition proceedings. And accordingly,

12 Sprint reserves its objections as to the

13 sufficiency of the responses at this time.

I do have some questions. Mr. Denk, do

15 you have a copy of the responses that were handed

16 out, responses to Sprint's data request?

MR. ALEXANDER: I'll hand him what I 17

18 handed you, Bill.

19 BY MR. ATKINSON:

Q. Have you read the responses that were

21 handed out immediately prior to the deposition,

22 BellSouth's responses to Sprint's data request

23 issued on July 24th?

A. I'm reading them now.

25 Q. If I could, if we need to take a break,

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24

1 we can do that. But I'd like to ask you a couple

2 of preliminary questions. I was going to ask you

3 did you assist in the preparation of these

4 responses?

A. Yes, I did.

Q. Did any other M/A/R/C personnel assist

7 in the preparation of the responses?

A. Yes.

Q. Can you identify those?

A. By name? Michelle Wilmott and Kathy 10

11 Rose.

12 Q. As to the substantive content of the

13 responses, if I asked you the same questions today

14 at the deposition, would the substantive content

15 of the responses be the same?

16 A. I need you to repeat that.

Q. Yes. Regarding the substantive content 17

18 of these data request responses which you assisted

19 in the preparation of, if I asked you the same

20 exact questions that are contained in these data

21 requests, would your answers be the same today at

22 this deposition?

23 A. Let me clarify then if I hadn't seen

24 this before and you were asking me these questions

25 now, for the first time, would the responses that

A. Yeah. The cons are basically it's not 2 a purely random sample, which was true of every

3 method that basically that we looked at.

Q. So you considered 295 respondents a

large number?

A. Given the cost and the timing and the 7 effort and relative to other types of research,

yeah, that was a - I don't know what large is. 9 That was a reasonable number upon which to do a

io study.

Q. Those are all the questions I have.

12 Oh, I take it back. One last question.

The questions that are attached to your 14 study, those are the only questions that were is asked of the respondents --

Al Correct.

16 o - is that correct?

MR. LAMOUREUX: I have no other

up questions.

MR. ALEXANDER: Do you a break, or are you ready to go on?

THE WITNESS: How much more have we got

here?

MR. ATKINSON: I have 30 minutes or

es less.

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- 1 you see here be the same as what I would tell you 2 today without having seen these before? Is that
- 3 what you're asking me?
- Q. Perhaps we should go off the record.
- 5 (A discussion was had off the record.)
- 6 A. Could you restate the question then, 7 please?
- 8 Q. Let me repeat a couple foundation
- 9 questions. You assisted in the preparation of 10 these data requests?
- 11 A. Yes.
- 12 Q. But until you have looked at the final
- 13 format of these data requests, you haven't seen
- 14 the complete requests and responses until right
- 15 now?
- 16 A. Correct.
- 17 Q. But to your knowledge, if I were to ask
- 18 you the same questions today that are contained in
- 19 the data requests we issued on July 24, the
- 20 substantive content of your responses would be the
- 21 same?
- 22 A. Correct.
- 23 Q. Thank you. I'd like to turn your
- 24 attention to request number 1. For the benefit of
- 25 those listening, would you mind reading the brief

- 1 interviews is the industry standard.
 - 2 O. You used industry standard in the last
 - 3 sentence of the response, or the phrase industry
 - 4 standard is contained in the last sentence of the
 - 5 response; correct?
 - 6 A. Correct.

10

- Q. Would you define the industry that
- 8 we're speaking of here?
- 9 A. Market research.
 - Q. Marketing research?
- 1 A. (Witness nodded head affirmatively.)
- 12 Q. Directing your attention again to
- 13 request number 1, the request starts out by
- 14 saying, please provide all responses to the survey
- 15 including interviews terminated before reaching
- 16 the end of the survey; is that correct?
- 17 A. Correct.
- 18 Q. Now, tabulation, a mathematical
- 19 tabulation of the responses, is not the same thing
- 20 as provision of hard copies of the actual survey
- 21 responses, is it?
- 22 A. Well, this was done via computer, so
- 23 there is no actual hard copy. This would be the
- 24 closest thing you could get to that.
 - Q. There were no strike that. The

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- 1 request and response, please?
- 2 A. Tabulation of responses to all
- 3 individual questions are attached to this
- 4 response.
- 5 Q. I'm sorry, could you start with the
- 6 request and the response?
- 7 A. The request also?
- 8 Q. Yes, please.
- 9 A. Request number 1, please provide all
- 10 responses to the survey, (not including question
- 11 number 16, 16a, 16b, 16c, 16d, 16e and 17).
- 12 including interviews terminated before reaching
- 13 the end of the survey.
- Response, tabulation of responses to
- 15 all individual questions are attached to this
- 16 response. These tables include interviews
- 17 terminated before the end of survey. In other
- 18 words, the attached tables are based on total
- 19 contacts made.
- Please note that the percentages in the
- 21 attached tables will not match up exactly to the
- 22 percentages in the original report, because the
- 23 percentages in the report are based on total
- 24 completed interviews, rather than total contacts
- 25 made. Basing data tabulations on total completed

- 1 interviewers were at computer terminals at all
 - 2 times during the Kentucky PCS survey?
 - 3 A. Correct.
 - 4 Q. And never used a hard copy to handwrite
 - 5 responses given to them over the telephone?
 - A. Correct.
 - 7 Q. To your knowledge, does the data file
 - 8 questions and responses still exist?
 - 9 A. Yes.

17

- 10 Q. And that's in M/A/R/C's custody?
- 11 A. Correct,
- 12 Q. Let me ask you this, Mr. Denk, If one
- 13 set about to determine the adequacy of a marketing
- 14 survey, in your opinion would it be helpful to
- 15 examine the actual paper survey results or
- 16 responses if they existed?
 - A. The question was would it be adequate?
 - Q. Would it be helpful to assist in
- 19 determining the adequacy of the results of a
- 20 marketing survey to examine the actual paper
- 21 interview responses, if any existed?
- 22 A. It's never done by a client
- 23 organization. So I'm not -- I would say that they
- 24 must deem that it's not helpful. We never get
- 25 that request from a client organization to

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actually look at the raw data file.

What we provided in this response, tabulation of responses, is typically the lowest level of detail that anybody would look at to s establish, you know, what the answers were in the 6 survey.

 So as far as your company, M/A/R/C Research, goes, you have never since the inception of the company used hard copy data responses?

A. No. that's not correct.

MR. ALEXANDER: I'm going to object to asking ever in your life type questions. But if you want to put some reasonable parameters on it. Sinde the inception of the company is what I s objected to. 6 BY MR ATKINSON:

Q. Let me ask you this, Mr. Denk. How long has M/A/R/C been in existence, the company?

A. Since 1965.

Q. Let me direct your attention to the response to request number 3. Are you with me, Mr. Denk?

A Yes, sir.

I'm going to read a portion of the response and ask you to accept my reading, subject

1 failed this criterion?

A Yeah, there were some. And I believe

3 the number was about 43.

Q. 43?

10

11

A. Yeah. I think that was the number.

6 Just based on recollection.

o. Were there any other symbols or 8 questions that could terminate an interview if an

9 inappropriate response were given?

A. Were there any other than what?

Q. Than the two we've discussed.

A. Yeah. Let's - I mean, if you want to 12 13 look at the questionnaire itself. Any question

14 such as question 1 that has a tally and terminate

15 would be considered a screening question where a

16 person does not continue because they do not meet 17 a qualification.

So that would include question 18 19 number 1, that would include question number 2.

20 question 2a, question 3, question 4, question 4a.

21 And then at 4b, you see end of screener.

So at that point — it's up through 22

23 that point where those kind of questions are asked

24 to make sure, you know, that the people we

25 interview meet the qualifications created for the

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to check. NER Useage stands for Non-Eligible Respondent - Usage, which relates to answer categories which would disqualify a respondent from continuing with the survey because of not meeting the screening qualifications.

Let me just stop here and ask you, to your knowledge, how many potential respondents were in fact excluded because they failed the screening qualifications indicated by the NER usage symbol? N-E-R, NER usage.

A. I don't know the exact number. If you had requested that, I would have provided that. I don't know off the top of my head. I could find that out if we needed to.

Q. Were there any?

A. Yes, there were,

Q. And we repeat the same question for the symbol NER demo. N-E-R demo. For the benefit of those listening, the response continues, NER demo means the respondent was disqualified from continuing in the survey due to not having a valid PCS prefix.

And I would ask you the same question. Do you know how many respondents, sitting here today, if any, were disqualified because they

1 study.

Q I don't want to conduct a memory test

3 today, Mr. Denk. But I do want to ask you, did

4 M/A/R/C keep a tally of how many respondents, if

5 any, failed the tally and terminate screening on 6 the first I guess five questions of the survey

7 that we just discussed?

A. Yes.

Q I'd also like to ask you about the

10 question - request number 5 from Sprint's data

11 request issued July 24th and the response given

12 this afternoon. Let me know when you're with me.

13 Mr. Denk.

A. I'm with you. 14

15 MR. ALEXANDER: Are you on number 5?

16 BY MR. ATKINSON:

Q. Yes. A wrong answer to question 16e 18 could disqualify a respondent; is that correct?

19 A. No. There really is no wrong answer,

20 per se.

Q. I'm going to read the response and ask

22 you to accept my reading, subject to check.

23 Question 16e was intended to be a security

24 measure. M/A/R/C wanted to discourage respondents

25 from inviting other nonqualified friends and

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1 family members from calling the 800 number in an 2 attempt to complete the survey and collect the 3 cash gift.

M/A/R/C felt the wording of Q 16e and 5 the requirement of a mobile phone number might 6 serve to accomplish this goal. At the completion 7 of the collection phase, a complete listing was 8 run of all respondents and their mobile phone 9 numbers. Based on that analysis, M/A/R/C did not 10 remove any respondents from the file.

Is that a correct reading?

A. Correct. 12

11

Q. I'd like to ask you again, based on 13 14 this question, would it be possible if a 15 respondent gave a wrong answer to this question 16 that they would be removed from the data file?

A. What do you mean by a wrong answer? 17

o. Well, let's look at question 16e. Can 18 19 you turn to that in the survey?

A. Okav. 20

O. And that question reads, what is your 21 22 mobile phone number --

A. Right. 23

o. -- is that correct? 24

Correct.

Q. Let's move on. Mr. Denk, has M/A/R/C 2 been hired by any RBOCS besides BellSouth to 3 conduct a PCS-related survey?

A. I am not aware of that. I am not aware 5 of that. I don't know.

Q. You discussed earlier in your testimony 7 here this afternoon Tables 3, 4 and 5 from your 8 report --

A. Uh-huh (affirmative).

Q. - included on pages 3 and 4. And I 11 believe that we've discussed and you've testified 12 that the conclusions that you draw from the survey 13 results indicated in those tables are that 14 8 percent of the 214 survey respondents have, in 15 one way or another, to use the phrase again, 16 cannibalized wireline usage for wireless.

Is that a correct summary of the 17 18 report?

A. Yeah, I mean I would say that a total 19 20 of 8 percent answered the survey, you know, in the 21 wording of those three questions.

O. And I believe you testified earlier as 23 well as that 8 percent of the 214 qualified 24 respondents was roughly 16 or 17; is that

25 correct?

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A. Correct.

Q. Let me ask you hypothetical, if four of 3 these 16 or 17 respondents misinterpreted the

4 relevant survey questions and their relevant

5 survey answers were based on this

6 misinterpretation, in your opinion, would that

7 have a statistically relevant effect on the

8 results of the survey?

MR. ALEXANDER: I'm going to object to 10 the question. It's one assumption after another 11 based on somebody giving -- the hearer to the

12 question having a false understanding of the

13 question and I'm assuming giving a false answer

14 based on a false question. Is that the foundation

15 for the hypothetical?

16 BY MR. ATKINSON:

17 Q. It's a hypothetical really with just 18 one fact assumed, that the four or five 19 respondents of the 17 we're discussing

20 misinterpreted the relevant questions pertaining

21 to Tables 3 and 5. And I stand by the question.

22 The witness can answer.

23

MR. ALEXANDER: Well --

THE WITNESS: I have no way of knowing 24 25 if someone misinterpreted the question. All I can

Q. Based on this question and the

2 response, I gather if someone could not provide a 3 mobile phone number, the interview would be

4 terminated and the results would be rejected from

5 the data file: is that correct?

A. No, I don't think so.

7 Uh-uh (negative). Let me clarify the purpose of 8 this question. The thought was if they are being 9 asked to provide their mobile phone number, that 10 would create an impression for them that we would

11 be checking up on that to make sure they were a 12 valid PCs customer.

So that would be a deterrent to just 14 telling somebody else off the street to call this 15 number, waste our time, and try to collect money 16 when they weren't really a valid customer. That 7 was the purpose of the question. So it was really 18 just a disguise, if you will.

Q. Okay. I don't want to spend all day on 19 20 this, Mr. Denk, but how would you determine 21 whether they were a valid PCS customer based on 22 the responses to this question?

A. We wouldn't, based on this question, 24 because we asked other questions to determine that 25 earlier in the survey.

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go on is what they gave as their answer. And that's what happens in survey research.

BY MR. ATKINSON:

- o. Just a few more questions, Mr. Denk. (A discussion was had off the record.)
- You've discussed this before in previous testimony this afternoon. Strike that. Let me back up and ask a couple of prefatory questions.

MR. ALEXANDER: Go ahead. You struck it. That's fine.

2 BY MR. ATKINSON:

- d. Let me direct your attention to page 1 of your summary report, which is Exhibit AJV-3. There you state or there the report states in the first paragraph, the study was designed to assess the purchase motivations of customers who have b chosen PCS and to understand how customers are using PCs. Is that a correct reading?
 - A. Correct.
- o Now, the language from your report speaks of customers who have chosen PCS, not customers who have chosen a specific PCS, such as Sprint PCS; correct?
 - A (Witness nodded head affirmatively.)

Q. You also testified earlier that the

- 2 phrase or the category PCS users is a
- 3 low-incidence category?
- A. Correct,
- O. Do you recall testifying to that?
- A. Correct.
 - Q. Can you define the term low-incidence
- 8 category for us?
- A. Can I? Is that a question?
 - Q. Yes, would you.
- A. It's basically a group of people that 11
- 12 exists in very low numbers out there in the
- 13 population.

10

15

2

- Q. So there's not many of them? 14
 - A. Right.
- 16 MR. ATKINSON: Thank you. No further 17 questions.
- MR. ALEXANDER: Folks on the phone, if 19 anybody has any questions, all the folks here in 20 Atlanta are done with their cross.
- MR. CAMPEN: This is Henry Campen. I 21 22 have no questions.
- MR. GUARISCO: This is Paul Guarisco 24 with e.Spar. I have probably just a couple 25 questions.

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THE WITNESS: Okay.

EXAMINATION

3 BY MR. GUARISCO:

- Q. Good afternoon, Mr. Denk, I'm Paul
- 5 Guarisco with e.Spar Communications. Would you
- 6 agree that PCS providers in the Louisville market
- 7 today are still in the process of making the
- 8 transition from a complimentary telecommunications
- 9 service to a competitive replacement to wireline
- 10 services?
- 11 A. I really don't know the answer to that 12 ouestion.
- Q. You can't draw any conclusions with 14 regards to that question?
- A. I just don't know the answer to that 15 16 question.
- 17 MR. GUARISCO: Thank you. I have no
- 18 further questions.
- MS. DOUGHERTY: Amy Dougherty from the 19
- 20 Commission. I have no questions. Thank you,
- 21 Bill.
- 22 MR. ALEXANDER: Has everybody who is
- 23 here, the intervenors' counsel, had their
- 24 opportunity?
- (A discussion was had off the record.)

Correct.

Q You've also discussed this earlier in part. Mr. Denk. But I'd just like to ask you

- directly why were all other wireless entities
- excluded from the sample we're here discussing today?
- A. Well, the study was targeted at PCS users, so that excluded most wireless users, that is non-PCS users. That would be the primary answer to that question, I guess.
- Q I believe you stated earlier that in your opinion, and in M/A/R/C's opinion, the relevant population of interest is PCS users only in the Louisville MTA?
- A. For the objectives of this study, the target group was PCS users.
- O. You testified earlier that it was not possible to draw a random sample based on the population of interest used for this survey. Why was it not possible, Mr. Denk?
- A. Well, a random probability sample is a sample where everyone has a known and equal probability of being included in the sample. And there was no sampling approach or method in our evaluation that could accomplish that.

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MR. ALEXANDER: This is Tom Alexander.

2 I have very few redirect questions.

EXAMINATION 4 BY MR. ALEXANDER:

Q. Mr. Denk, one thing that I don't think 6 really got established was about your background 7 and your company's background. I know in response 8 to one question by Mr. Atkinson from Sprint, but

9 would you please describe your background, how 10 long have you been in market data research, and 11 how long has M/A/R/C been around as a company?

12 Things like that.

 A. M/A/R/C has been in business since 1965 14 in the market research business. I've worked for 15 mark M/A/R/C since 1982, 16 years, doing a variety 16 of market research. The company, probably about 17 25 percent of our -- well, we're about 18 \$100 million company in total.

About 25 percent of our revenues are 19 20 with clients in the telecommunications industry.

Q. Of those telecommunications clients, 22 can you -- without naming names. I don't know if 23 there's any confidentiality requirements about 24 what kind of market data research you do. But do 25 you do market data research for what we call

Q. Okay. Mr. Atkinson, a few minutes ago, 2 pointed to the objectives of the study and noted 3 that the objective was -- primary objective of 4 this research was to examine the PCS market for 5 the presence of the following groups, and you list 6 those.

Would you look down at that document 8 and see if it does not specifically say who 9 M/A/R/C Research talked to within that PCS market 10 and where?

A. Where are you referring to?

Q. First page on research methodology and 13 sampling.

A. Right, yeah. It describes with whom we 15 conducted telephone interviews and what 16 geographical location. It talks about how we 17 screened for these customers or found these 18 customers. And it tells how many we talked to.

o. So M/A/R/C talked to only PCs customers 19 20 of Sprint PCS in the Louisville, Kentucky, area.

21 Is that reflective of your study?

A. That's correct. 22

23 Q. Also, while we're looking at the study,

24 I want to ask you some questions about this

25 methodology that has come up, the random sampling

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1 interexchange carriers or incumbent local exchange 2 carriers or other wireless entities?

A. We do work with a variety of different 4 telecommunications companies, including long 5 distance companies -- or primarily long distance 6 companies, wireless companies, RBOCS.

Q. RBOCS being Regional Bill Operating 8 Companies?

A. Really all sectors of the 10 telecommunications industry.

Q. Okay. And you were asked a number of 12 questions by several of the attorneys about the 13 purpose of the study and why you did that. I know 14 you testified that you've made a proposal.

Was that proposal based on BellSouth 15 16 telling you some instructions about what they were 17 looking for and then you came back and made a 18 proposal?

A. We had a conference call to discuss the 20 goals and objectives of the research, which is a 21 common practice. And then based on that 22 discussion, we developed a research proposal that 23 suggested an approach to gathering information to

24 meet those information objectives. And that's 25 basically the process that took place.

Page 85 1 versus running the ads and looking for this

2 particular group of PCS users, being Sprint PCS 3 users in one location, Louisville Kentucky.

Is that type market research data used 5 by other companies for other reasons? Is this a 6 standard type methodology in doing market data 7 research?

A. This type of methodology is frequently 9 used when the target group for the study is a very 10 low-incidence study. The other factor here is 11 that they're all located in a particular

12 geographical area.

So therefore a method such as this 14 could be used to try to locate people within this 15 particular geography. Typically, when you have a 16 very low incidence target group that you're 17 looking for, the costs and the amount of time and 18 the availability of any information about that 19 population of interest makes it very difficult to 20 complete a -- to complete large numbers of surveys 21 with those people.

So I mean, those are the factors that 23 were under consideration when we determined that 24 this methodology was the one that we would use.

Q. Do other companies use this type market

22

23

24

A. Yes, we did.

MR. ALEXANDER: No further questions.

MR. ATKINSON: For clarity of the

record, counsel for BellSouth has suggested that

AU. 0010

Page 90 CERTIFICATE

2 STATE OF GEORGIA.

3 COUNTY OF FULTON:

I do hereby certify that the above and foregoing deposition was taken down, as stated in the caption, and the questions and the answers

7 thereto were reduced to typewriting under my

8 direction.

I do further certify that the witness
was duly sworn by me, that the exhibits attached
are true and correct as furnished to me, and that
the foregoing 89 pages represent a true and

13 correct transcript of the evidence given by said

14 witness upon said hearing.

I do further certify that I am not of kin or counsel to the parties to the case; am not in the regular employ of counsel for any of said parties; nor do I have any interest, financial or otherwise, in the final result of said case.

This, the 15th day of August, 1998.

20 21 22

23 24

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